

Remarks for Meeting with Seniors from Temple Beth Am
August 9, 2001

General

It's really a pleasure to be here with this group today.

It's good to be with people who know how important Social Security and Medicare are, who have a commitment to principles of social insurance, who understand that these programs are designed to provide protection and security for all seniors.

It's good to be with people who have the common sense to know that we should have taken advantage of the budget surplus to make Medicare and Social Security stronger and better, not fritter away that surplus in tax breaks for the wealthy.

I think that's what most Americans think. But you wouldn't know it in Washington lately. Instead we hear about more tax cuts. We hear about privatizing Social Security, and turning Medicare over to private insurance companies. We hear that we'll just have to use the Medicare and Social Security trust funds to pay to fund basic government programs because the surplus is used up.

It's good to be out here where people have their heads on straight, where they know the purpose of government is to serve the people's interest, not the special interests.

But we've all got some difficult days ahead.

Medicare and Prescription Drugs

I want to talk to you mostly about Medicare. There's lots of talk from President Bush and his administration about how we need to reform Medicare and get private insurance companies in the business of providing health insurance to seniors. They seem to think that what seniors want from Medicare are more choices—choices between private health insurance policies.

But what I think seniors want is a good prescription drug benefit in

Medicare. That's what people need.

Back when Medicare was enacted, very few private insurance plans had drug coverage, and prescription drugs weren't so central to good medical care as they are today. But times have changed. Not only are drugs a critical part of good health care, but they are particularly necessary for seniors who have health conditions that require regular drug therapies. And those drugs are expensive.

Not only are the prices of drugs high, but drug companies price their drugs a lot higher here in the United States than they sell them in other parts of the world. It just isn't right that drugs in Canada or Mexico or Europe are sometimes sold at half the price—or less—than people have to pay here.

And then the situation is even worse because pharmaceutical companies further discriminate in their pricing against people who have to buy their drugs by paying out of their own pocket. And you know who most of those people are? It's seniors, of course.

Current Medicare doesn't cover drugs unless you're in an HMO. And the coverage those HMOs give is usually very limited, and—as you know too well—shrinking all the time. In fact, in lots of places HMOs are leaving Medicare altogether. But even when they stay, they are cutting back on their drug coverage.

MediGap plans are even worse. Few of them cover drugs, and those that do frequently charge more in increased premiums to get drug coverage than they provide in the drug benefit itself. It's clearly a very bad deal.

And if you're without coverage and just buying your drugs at the drug store, you don't get advantage of any special deals that the drug companies make with insurers. They make you pay the most.

To me, the obvious answer is that we have to put a good, solid drug benefit in as part of the basic Medicare program. Every Medicare beneficiary should have the opportunity to have coverage. And that coverage should be available whether you choose to get your Medicare services through traditional fee-for-service Medicare or through an HMO.

Seniors deserve a good benefit, and a defined benefit. You should know that the drugs you need and your doctor prescribes will be covered.

But that's not what the Bush administration and the Republicans in the Congress have in mind. They want to give a little money to seniors—they call it premium support—and let them go out into the private insurance market and see if they can find a decent drug benefit. Never mind that insurers typically don't sell policies that only cover prescription drugs. Never mind that insurers have a history of finding ways to keep sicker and older people out of their plans. Never mind that even the insurers themselves have said that they couldn't and wouldn't offer this kind of coverage.

This Administration seems to think if they put some money out there, the insurers will find some way to take it. Well, they're probably right about that. But it's not likely to mean decent, affordable coverage for seniors. It's more likely to mean profits for insurance companies.

In the meantime, the President announced a "short-term" solution to the need for prescription drugs with what he calls a drug discount card program. It sounds good until you look at what he's actually describing.

He wants to take millions of dollars of Medicare money to publicize products that drug and insurance companies have developed that are already on the market. My staff in Washington did a study of those existing programs and found that you usually don't save as much on drugs as you spend to join the program. So the existing evidence is that this would be a pretty bad deal.

There won't be any assurance that the companies will deliver on the discounts they promise. There won't be any assurance that the discount cards will be accepted at the pharmacies you want to patronize. There won't be any assurance that there will be any discount on the drugs you need. But the discount cards will be able to advertise with a Medicare seal of approval. It sounds like a recipe for disaster.

If they are serious about securing the discounts for seniors that the big prescription drug benefit management companies (PBMs) offer, and if Medicare is going to put a seal of approval on the plan, they should make sure they deliver on their promises. And they should be sure the discounts are real, and that the drug companies are reducing their prices for Medicare.

The best way to do that is provide real drug coverage. Seniors want what we all want—lower prices, yes, but also real help in paying for their prescriptions.

I have to tell you that I am frankly worried with the unwillingness of the Administration to put enough money in the budget to pay for a decent benefits. I am worried that they have used up the surplus, and still want to give away more dollars in tax breaks to corporations and wealthy individuals.

I'm worried that they want to design the drug benefit--only making it available through private insurance, for example--to push people out of Medicare as we know it.

And I'm also worried that they want to erode the benefits in basic Medicare. One idea they've got is to combine the deductible in the hospital part of Medicare --we call that Part A--and the deductible in the medical insurance part, part B. That doesn't sound so bad until you see how they want to do it--they'd make the deductible that's \$100 now into one that's \$400 or so. Since a lot more people see the doctor than go to the hospital, a lot more people would have to spend more out of pocket before they could get help from Medicare.

Things aren't going to be quite so easy for the Republicans to carry out their agenda now that there's a democratic majority in the Senate, even if it is a small one. I hope that will give us enough leverage to stop something really bad from being enacted into law.

But it will be shameful if we once again miss the opportunity to get a good drug benefit in Medicare.

Long term care

I just want to mention a few other things quickly. First, of course, we won't really have done all we need to do in Medicare until we get coverage for long term care as well. But I am afraid that is not likely any time soon.

What we can and should do now though is a better job of assuring quality care in our nursing homes.

Medicaid pays for a lot of nursing home care in this country--nearly half of it. Most of you know that Medicaid, or MediCal as it's known in California, is a program for low-income people. It's administered by the States.

So why does it pay for so much nursing home care? Well the sad fact is that

if you need nursing home care for very long, a lot of us end up poor. So then Medicaid takes over. One of the things that program is supposed to do is assure an adequate level of quality in nursing homes. There are staffing requirements, rules about the physical setting, and rules to assure good care. But too often, abuses are occurring, and people aren't getting the protections and care they deserve.

One of the problems is getting and keeping good staff. There are nursing shortages in this country, and that contributes to the problem. We don't always pay the homes adequately to hire and train enough staff and assure quality. And some homes—hopefully a small minority—are more interested in making a profit than providing good care.

We need to do lots of things to improve the situation. Increase the staffing requirement and pay enough to hire and keep more staff. Do more inspections and enforce the rules. Make information on the homes' performance more easily available to the public so families can make better decisions on care for their loved ones. And train more nurses. All of that can make a difference.

Other issues:

Patients' Bill of Rights

I want to mention a few other areas. One is the Patients' Bill of Rights. We've been trying for years to give patients the tools to require their HMOs to be fair and responsible in the care they cover. People should be able to get care in emergency rooms when they need it, see the specialists they need, hear all their treatment options from their doctors, be able to get coverage when they participate in clinical trials. Those are basic rights.

But there's one more thing. People have to be able to ensure those rights are enforced. They need independent experts to review their cases. They need to be able to hold their HMOs accountable if the HMO makes a decision on their medical care. If the HMO is going to act like a doctor, then they need to be responsible for those decisions.

Nobody wants to send a lot of cases into court. That is a red herring that the Administration likes to use. But there is no reason HMOs should not be held accountable like any other business. They have been shielded from legal remedies and there is no reason they should be.

The bill that President Bush just negotiated that the Republicans passed in the House would undermine rights already existing in California law. And it would not only place severe limits on when someone could pursue their case in court, but would establish a presumption in favor of the HMO over the patient when you could get there.

I continue to hope we can salvage decent legislation when we go to conference with the Senate, but as things stand at the moment, the bill that passed the House is not a step forward for patients. And that is wrong.

Stem Cell Research

We've worked a long time in Washington to get more money for the National Institutes of Health (NIH). They support such critical work in helping us learn how to treat and cure disease. But we have face a new threat to its work: the intrusion of abortion politics into the health research arena.

A decade ago we had to struggle to overturn a ban imposed by that Bush Administration on Federal funding of fetal tissue transplantation research. Now we face the same intrusion of right-to-life politics with a new and even more promising research area: embryonic stem cell research.

These cells have the potential to develop into cells which can replace diseased cells in the body. The promise of this research for finding treatments and cures for Parkinson's disease, juvenile diabetes, spinal cord injuries, multiple sclerosis—disease after disease—is enormous.

But we are in danger of closing the door on Federal funding for these promising research efforts for one simple reason—the most promising cells come from embryos. Some pro lifers want to protect these embryos at all cost.

Never mind that these embryos are the products of in vitro fertilization, that more embryos are produced than are implanted in a woman's womb, and that currently, if not used, those embryos are discarded.

They could be used to supply embryonic stem cells for research. They could be used to support life. And we should do it.

Social Security

Let me also just say one thing about Social Security. The Commission that the President appointed was stacked to come out in favor of privatization of the system, because that is what he favors. The report they recently issued was alarmist in the extreme, and designed to frighten people into thinking radical change was necessary. It is not.

Switching Social Security to a series of individually controlled private accounts is wrong and foolhardy. It would subject people to the extremes of the market at a time when they could not just wait for things to get better, it would fail at assuring a floor benefit for the most vulnerable, it would ignore the needs of survivors, and it would force a reduction in benefits.

Of course we should look at options to improve the investment strategy of the system as a whole. But private accounts are not the answer.

Investment in the Infrastructure

I just want to make one final point. We are reaping a number of problems because of years of failing to invest properly in the infrastructure in this country.

Look at the problems we face: not enough nurses. But failure to invest in training. Emergency rooms closing. But we don't put money in to support them. Need to plan to pay for Social Security and Medicare for the baby boomers—but squandering the surplus on short-term tax cuts. The list goes on.

There are needs of society that government is supposed to meet. It can and should provide protections and benefits for its citizens. Sometimes we lose sight of that.

My colleague Anna Eshoo said it pretty well when we were debating the energy bill on the House floor the other day, and the Republicans were defeating our attempt to impose higher mileage requirements on SUVs, to clean the air and conserve energy: “We’re not the auto industry here, we’re the government”, she said. And that’s the point: we’re not there to be the tools of special interests, we’re there to meet the needs of the people.

That’s the way I see my job. I think that’s the way you see it too. And I’m eternally grateful for your support in doing just that.